

NA3  
11:G75  
C.2

North Carolina State Library  
Raleigh

N. C.  
Doc.

# **CAPITAL IMPROVEMENTS BUDGET**

**FISCAL YEAR  
1973-74 — 1978-79**

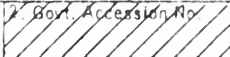
# **PUBLIC IMPROVEMENTS PROGRAM**

**FISCAL YEAR  
1979-80 — 1993-94**

**GRANITE QUARRY, NORTH CAROLINA**






<b>STANDARD TITLE PAGE FOR TECHNICAL REPORTS</b>		1. Report No. 1 and 2 of 5	2. Govt. Accession No. 	3. Recipient's Catalog No.
4. Title and Subtitle Capital Improvements Budget/Public Improvements Program, Town of Granite Quarry, N. C.			5. Report Date May, 1973	6. Performing Organization Code
7. Author(s) Granite Quarry Planning Board and Rowan Regional Planning Board staff			8. Performing Organization Rept. No.	
9. Performing Organization Name and Address N.C. DEPT. NATURAL & ECONOMIC RESOURCES DIVISION OF COMMUNITY SERVICES P.O. BOX 27687 - RALEIGH, N.C. 27611			10. Project/Task/Work Unit No.	11. Contract/Grant No. NCP-1007-49
12. Sponsoring Agency Name and Address Department of Housing and Urban Development 2309 Northwest Plaza Greensboro, N. C. 27408			13. Type of Report & Period Covered	
15. Supplementary Notes			14. Sponsoring Agency Code	
16. Abstracts  A review and analysis of municipal budgets and audit reports for the Town of Granite Quarry to determine local revenues and expenditures, particularly expenditures for capital improvements, over the past few fiscal years, and thereby make projections for future revenues and expenditures, particularly expenditures for capital improvements and limitations for debt service, over the next six fiscal years; and to project public improvement needs over the fifteen year period following the capital budgeting study period.				
17. Key Words and Document Analysis. (a). Descriptors				
17b. Identifiers/Open-Ended Terms				
17c. COSATI Field/Group				
18. Distribution Statement			19. Security Class.(This Report) UNCLASSIFIED	21. No. of Pages 30
			20. Security Class.(This Page) UNCLASSIFIED	22. Price

The preparation of this report was financed in part through an urban planning grant from the Department of Housing and Urban Development, under the provision of Section 701 of the Housing Act of 1954, as amended.

## TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION AND PURPOSE. . . . .	1
BACKGROUND INFORMATION. . . . .	4
FINANCING THE CAPITAL IMPROVEMENTS BUDGET . . . . .	7
GRANITE QUARRY CAPITAL IMPROVEMENTS BUDGET. . . . .	26
GRANITE QUARRY PUBLIC IMPROVEMENTS PROGRAM. . . . .	28



Digitized by the Internet Archive  
in 2017 with funding from  
State Library of North Carolina



## TABLES

<u>Number</u>		<u>Page</u>
1	Revenues (including Budgeted Surpluses), FY 1966-67 - FY 1971-72	7
2	Selected Revenue Sources and Trends	9
3	Annual Expenditures for Capital Improvements and Debt Service	11
4	Annual Expenditures as Percent of Revenues Received	12
5	Capital Improvements and Debt Service as a Percent of Total Expenditures	12
6	Expenditures for Capital Improvements, FY 1966-67 - FY 1971-72	14
7	Appropriations for Capital Improvements, FY 1972-73	15
8	Projected Town Revenues and Expenditures for Capital Improvements, FY 1973-74 - FY 1978-79	17
9	Existing Debt Service	23
10	Property Valuation Changes	25
11	Projected Capital Improvements and Expenditures During Six-Year Study Period	27

## MAPS

<u>Number</u>		
1	Community Facilities Map	Follows Page 6
2	Existing Water System	Follows Page 14
3	Existing Sewerage System	Follows Page 14
4	Unpaved Streets	Follows Page 14
5	Property Owned by the Town of Granite Quarry	Follows Page 25

## GRAPH

<u>Number</u>		
1	Granite Quarry Bonded Indebtedness (Principal and Interest)	Follows Page 23











## INTRODUCTION AND PURPOSE

A "capital improvements budget" is basically a listing of projects (capital improvements) with amounts and sources of funds necessary to complete the work. A "public improvements program" is basically a planned program for providing relatively long-range public capital improvements. These should both be considered as major tools of planning for guiding capital expenditures on public improvements for the community along desirable courses and for insuring that they proceed in an orderly manner.

There are two fundamental differences between a "public improvements program" and a "capital improvements budget." First, whereas a public improvements program is relatively long-range (15 to 20 years) in planning, a capital improvements budget is relatively short-range (5 to 6 years). And second, whereas a public improvements program merely schedules major projects in designated fiscal years, a capital improvements budget schedules both major and minor projects in designated fiscal years with an attached cost estimate by each itemized project.

How should public improvements be selected for programming? First, they should be considered in the context of total community needs. Second, they must be developed within the individual community's financial resources and be supported by a sound financial plan. And third, the program must be kept flexible through periodic review and subsequent revision. Individual improvement projects, even long-range projects, should be evaluated annually, or at least biennially, to confirm their continued need and time scheduling.

It is important that public improvement projects not be undermined by special interest groups which cannot or will not look at total community





needs, facilities, and services. The formulation of a capital improvements budget and public improvements program for a community should be based on an impartial evaluation of needs and those needs converted into projects which will improve the situation. A timetable, based on total community priorities, should then be established for the development of those important projects.

What is needed in the preparation of a capital improvements budget and public improvements program? Most basic is the need for relevant information which can be gathered and subsequently analyzed. Fundamental data concerning a municipality's own unique characteristics must include population trends with potential growth factors, economic base and relative stability, industrial development, and local policies, practices, and attitudes which can have a great effect on current and future public improvements.

The local planning agency should be given a major role in the preparation, development, review, and modification of an effective long-range public improvements program. Their responsibility should include an analysis of all project proposals to determine if these proposals conform to the town's comprehensive plan for development. This responsibility should also include the ability to make recommendations with respect to priorities, special projects, and methods of financing, as well as suggesting alternative courses of action.

This capital improvements budget/public improvements program will consider the financial capabilities of the Town of Granite Quarry to implement the specific proposals. It will also list the needed capital items over the next six fiscal years and the needed public improvements over the following fifteen years, and evaluate each one of these items to



determine priorities. More specifically, this determination of project needs and priorities will be based upon first, an estimate of the present financial resources and probable future trends in revenues and expenditures; second, an appraisal of the many factors influencing the operation and success of the program; and third, an understanding of the legal requirements and prior commitments which permit or restrict a municipality from following a desired course of action.





BACKGROUND INFORMATION





## BACKGROUND INFORMATION

Granite Quarry is primarily a residential town, though it does have a small downtown business area and some light industrial plants. As the town and surrounding environs continue to increase in population, a corresponding increase is likely in the commercial potential and subsequent development of downtown Granite Quarry. A small industrial park area has recently been created in the sparsely populated southwest portion of Granite Quarry.

According to the 1970 census, the Town of Granite Quarry has a population of 1,344, an increase of 285 (27 percent) people over the 1960 population figure of 1,059. Most of this population growth may be thought of as "natural" or internal rather than peripheral growth. Annexations during the decade of the 1960s accounted for an increase of only 58 people.

In regard to the composition of the population by race, there are 1,026 whites (76 percent) and 318 blacks (24 percent) in Granite Quarry. The median age in Granite Quarry is 29.5. This is below the City of Salisbury's 33.8 and Rowan County's 31.1, but above the state's 28.1 median age figure. 34.6 percent of Granite Quarry's people are under 18 years of age while 10.3 percent are 65 years and over.

Granite Quarry has 426 households in 1970 as compared to only 312 in 1960, or an increase of 36.5 percent. There are 3.18 people per household in Granite Quarry as compared with 2.80 in Salisbury and 3.03 in Rowan County. The vacancy rate in Granite Quarry is only one percent--lowest of any Rowan County municipality. Approximately 90 percent of the housing units in Granite Quarry are single-family units. 73 percent of the units in Granite Quarry are owner-occupied. The 1970 census listed only 7 percent





of the housing units as not having complete plumbing facilities and only 6 percent as overcrowded. In regard to value of the units, 40 percent of the owner-occupied units have an estimated value of below \$10,000 and 9 percent are valued at over \$25,000. Of the rental units, 60 percent rent for below \$60 per month and 6 percent for over \$100 per month.

Urban growth and expansion is being experienced in Granite Quarry and is expected to continue at an accelerated pace. Suburban residential areas are sprouting to the north and south of town along and near U. S. 52; similar suburban-type developments may be expected within the next decade to the east and west of town. The downtown district will emerge as a bonafide commercial area if residential zoning is maintained in existing residential districts and patterns of development are encouraged to continue in a logical, planned manner. Industrial prospects are now casting a favorable eye on Granite Quarry as a prime, growing, expanding area.

Granite Quarry began its planning operation in May 1966 with the formulation of a 5-man planning board, and expanded that board to 7 members in April 1969. In October 1972 an Advisory Board was appointed. This 7-member Board is composed of persons residing in the extraterritorial jurisdictional area who meet with the Granite Quarry Planning Board (and with the Granite Quarry Zoning Board of Adjustment) to formulate plans, policies, and ordinances to insure the orderly growth and development of the area.

The first study undertaken by the Granite Quarry Planning Board was a Comprehensive Plan showing existing development and planned future development. This study was published March 1970. A second report, entitled Community Facilities Study, was published March 1971. The



contents of these reports have been instrumental in the formulation of this Capital Improvements Budget/Public Improvements Program.

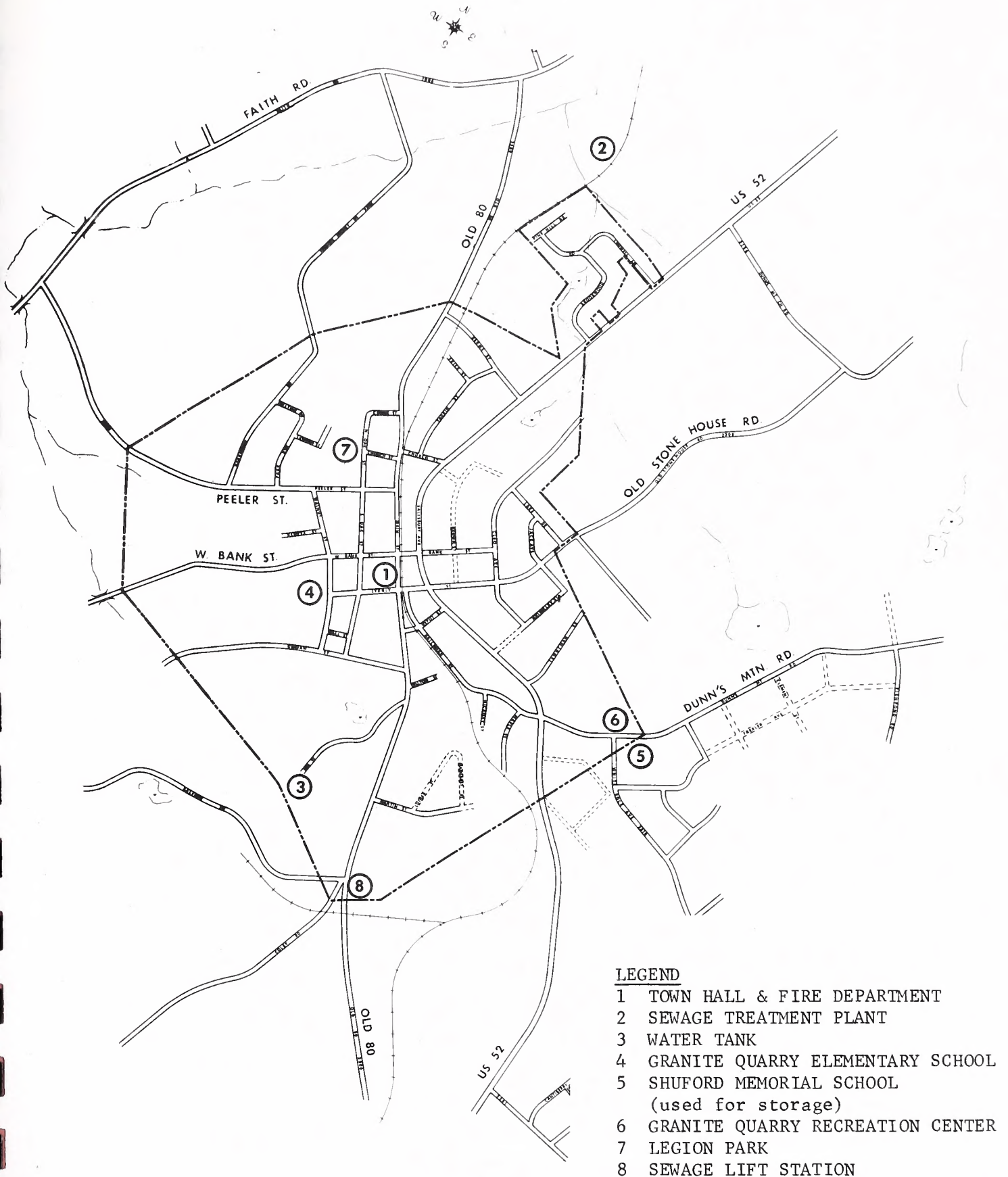
Granite Quarry adopted its first zoning ordinance February 1971, and readopted that ordinance, with amendments, June 1972. A major revision of the zoning ordinance, completed April 1973, shows zoning in major growth areas outside the town limits. Zoning throughout the remainder of the Granite Quarry jurisdictional area is anticipated during the 1973-74 fiscal year.





# COMMUNITY FACILITIES

GRANITE QUARRY, N. C.





FINANCING THE CAPITAL IMPROVEMENTS BUDGET





## FINANCING THE CAPITAL IMPROVEMENTS BUDGET

Revenues and Expenditures

An analysis has been made of past revenues and expenditures for the Town of Granite Quarry. Information used in this analysis has been obtained through a study of municipal audit reports for the fiscal years 1966-67 through 1971-72. Data gained from the study provides a clearer understanding of the probable growth in revenues, as well as how much of the revenues need to be expended for capital improvements. It is thereby possible, from this data, to make more intelligent assumptions about the town's abilities to pay for future capital improvements.

A summary of actual town revenues is shown in Table 1. It should be noted that, for the purposes of this particular report, it was necessary to depart from the standard auditing procedures which are required for the auditing report, to be assured that revenues were not counted more than once. This situation applies in an audit report when money is counted as a revenue for one fund, but then transferred to another fund where the money is counted as a revenue for a second time. In instances such as these, caution was used in counting revenues only once. The same procedure was used, of course, in counting expenditures.

REVENUES (INCLUDING BUDGETED SURPLUSES)			
TABLE 1                      FY 1966-67 - FY 1971-72			
<u>Fiscal</u> <u>Year</u>	<u>Revenues</u>	<u>Numerical</u> <u>Differences</u>	<u>Percentage</u> <u>Difference</u>
1966-67	\$134,592.91		
1967-68	153,073.89	\$18,480.98	+13.7
1968-69	185,669.18	32,595.29	+21.3
1969-70	196,660.28	10,991.10	+ 5.9
1970-71	229,855.02 <sup>a</sup>	33,194.74	+16.9
1971-72	205,061.90 <sup>b</sup>	-24,793.12	-10.8

<sup>a</sup>An additional sum of \$150,520.00 was also available in the form of a federal grant for water and sewer construction

<sup>b</sup>An additional sum of \$48,073.45 was also available in the form of a federal grant for water and sewer construction

---

SOURCE: Granite Quarry Audit Reports





The trend shows an unsteady, but generally growing revenue base, with an average rate of increase of about 9.4 percent per year. Additional revenues from federal grants were received as indicated in footnotes a and b of Table 1. These "revenues" have not been included in the original calculations to prevent showing a distorted picture of the town's revenues and revenue trends. However, the federal funds must nevertheless be accounted for as a source of revenues during fiscal years 1970-71 and 1971-72.

Some of the more major sources of revenues are shown according to type and fiscal year in Table 2. The most significant increase in revenues has come from local taxes which, according to audit reports, increased by nearly 100 percent between FY 1966-67 and FY 1971-72. A decrease of 40% over that time period can be noted in ABC revenues, but a 66% increase can be shown in revenues from beer and wine tax. Revenues from water and sewer sales are continuing to increase at a moderate to rapid pace while Powell Bill funds are expected to show about a 75% increase this fiscal year over the last fiscal year period. The significant increase in Powell Bill funds is due to an increase in the state allotment to all municipalities, that allotment being based on a formula. Powell Bill funds, unlike other state-received funds, are limited by statute (North Carolina General Statute 136-41.3) to be expended only for the purpose of the maintenance, construction, or improvement of streets within the town limits.



TABLE 2  
SELECTED REVENUE SOURCES  
AND TRENDS

	<u>FY 1966-67</u>	<u>FY 1967-68</u>	<u>FY 1968-69</u>	<u>FY 1969-70</u>	<u>FY 1970-71</u>	<u>FY 1971-72</u>	<u>FY 1972-73<sup>e</sup></u>
Taxes from current year <sup>a</sup>	\$22,461.10	\$23,913.59	\$24,302.49	\$25,895.29	\$40,504.19	\$44,355.77	\$42,930.00
Taxes from previous years <sup>a</sup>	1,497.99	1,687.98	1,047.37	1,395.69	1,407.06	2,693.61	2,500.00
ABC revenues <sup>a</sup>	16,149.44	11,700.10	13,964.20	9,673.62	9,225.40	9,653.27	6,700.00
Beer & Wine tax <sup>a</sup>	1,813.37	1,931.09	1,430.77	2,252.32	2,340.30	3,012.64	3,000.00
Water sales <sup>b</sup>	17,911.91	17,850.08	19,857.22	23,477.57	25,784.53	27,024.10	32,400.00
Sewer charges <sup>c</sup>	--	--	--	--	3,702.13	13,482.31	16,800.00
Powell Bill funds <sup>d</sup>	6,041.30	6,388.98	6,579.74	7,124.74	7,286.46	8,014.98	14,000.00

SOURCE: Granite Quarry Audit Reports, FY 1966-67 - FY 1971-72; Granite Quarry Municipal Budget, FY 1972-73

<sup>a</sup>From General Fund

<sup>b</sup>From Water Fund

<sup>c</sup>From Sewer Fund

<sup>d</sup>From Powell Bill Fund

<sup>e</sup>Estimate from current municipal budget



Expenditures made by Granite Quarry have also been reviewed. Of particular importance, in the context of this report, is expenditures for capital improvements and debt service, and what percentage of total town expenditures they account for. This percentage, in turn, has been used as the fundamental basis for determining a reasonable amount of expected future revenues which may be set aside for capital improvements and debt service without creating an overly burdensome hardship on other municipal responsibilities.

One question may be why include debt service with capital improvements. Primarily, debt service is included in this analysis because it reflects annual payments for capital items which are being acquired on a long-term basis. As such it represents a commitment which must be met each year before money can be appropriated for additional capital improvements.

A summary of the analysis of town expenditures over the past six fiscal years is shown on Table 3. Included on the table are columns showing total expenditures, expenditures for capital improvements, and expenditures for debt service. Not shown is the unusually large expenditure for sewer construction. This expenditure, being atypical in nature, would tend to grossly distort the trend. It is shown, however, through annual principal and interest payments on the bonds. It is more appropriate to show the debt payments in this manner (through debt service) since this is how Granite Quarry will actually pay for the facilities. Also not shown on the table are funds spent for water and sewer constructions which were available through federal grants during fiscal years 1970-71 and 1971-72. Since these expenditures are not normal to the usual expenditure pattern and also will not be available every year, it is felt that the appearance of these expenditures in this table would add an unnecessary





distortion. Nevertheless, federal grants should not be overlooked as a source of revenue for special purposes.

TABLE 3  
ANNUAL EXPENDITURES  
FOR CAPITAL IMPROVEMENTS  
AND DEBT SERVICE

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Expenditures for Capital Improvements</u>	<u>Expenditures for Debt Service</u>
1966-67	\$ 54,713.20	\$ 8,960.13	\$17,331.25
1967-68	60,133.36	10,083.90	18,077.50
1968-69	70,612.99	16,278.37	17,822.90
1969-70	121,757.74	25,941.62	26,680.00
1970-71	113,352.50	17,139.33	47,575.04
1971-72	130,356.80	15,353.22	48,948.80

SOURCE: Granite Quarry Audit Reports

Table 3 also shows that over the past six fiscal years outlays for capital improvements and debt service have increased as have total town expenditures. The increase in debt service is significant for the last two fiscal years because it shows the addition of annual payments for sewer bonds. In fact, debt service represents a major portion of all expenditures, and must be considered in anticipating or projecting future revenues which will be available for new capital improvements.

Annual expenditures are shown as a percentage of revenues received in Table 4. That percentage has been unsteady, but generally increasing over the past six fiscal years and reached a high of 63.6% in FY 1971-72. The table shows that while revenues have been increasing by 52 percent between FY 1966-67 and FY 1971-72, expenditures have been increasing by 118 percent. The average, annual six fiscal year expenditure as a percentage of revenues received is 48.7 percent.



TABLE 4  
ANNUAL EXPENDITURES AS PERCENT OF  
REVENUES RECEIVED\*

<u>Fiscal Year</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Expenditures as Percent of Revenues</u>
1966-67	\$134,592.91	\$ 54,713.20	40.6%
1967-68	153,073.89	60,133.36	39.3%
1968-69	185,669.18	70,612.99	38.0%
1969-70	196,660.28	121,757.74	61.9%
1970-71	229,855.02	113,352.50	49.3%
1971-72	205,061.90	130,356.80	63.6%

\*includes budgeted surpluses

SOURCE: Granite Quarry Audit Reports, FY 1966-67 - FY 1971-72

The importance that all capital improvements and debt service have in the budget is shown in Table 5. In this table expenses for capital improvements and debt service are shown as a percent of total expenditures made in the years indicated. While each municipality is separate and unique and should not be thought of in a comparative way, Granite Quarry has shown in recent years a determination to commit an unusually large percentage of its budget to capital improvements, either directly by annual purchases, or indirectly through debt service payments. The six fiscal year average annual percentage of total town expenditures devoted to capital improvements and debt service is 48.9 percent.

TABLE 5  
CAPITAL IMPROVEMENTS AND DEBT  
SERVICE AS A PERCENT OF  
TOTAL EXPENDITURES

<u>Fiscal Year</u>	<u>Capital Improvements</u>	<u>Debt Service</u>	<u>Capital Improvements &amp; Debt Service</u>
1966-67	16.3%	31.7%	48.0%
1967-68	16.8%	30.0%	46.8%
1968-69	23.1%	25.2%	48.3%
1969-70	21.3%	23.5%	44.8%
1970-71	15.1%*	42.0%	57.1%
1971-72	11.8%*	37.5%	49.3%

\*these percentages do not include federal grant funds which were used to construct water and sewer facilities



Actual town expenditures for type of capital improvements by fiscal years 1966-67 - 1971-72 are shown in Table 6. Overall, expenditures have been rather erratic and have been very heavily oriented toward water and sewer work and street work. The table, however, does not show a "building fund," or money being held in reserve (though not referred to as a "reserve fund") for the purchase of land and construction of a new municipal building. For this purpose, the town had budgeted \$25,000 before FY 1966-67, budgeted \$15,000 during FY 1966-67 to bring the fund to \$40,000, budgeted \$15,000 during FY 1967-68 to bring the fund up to \$55,000, was unable to budget any amount the next four fiscal years, but was able to budget \$20,000 during FY 1972-73 to bring the building fund amount to \$75,000.

Table 6 shows almost \$46,000 being spent by the town between fiscal years 1966-67 and 1971-72 on street work. This money came from Powell Bill funds, but an additional \$8,500 of General Fund money was used for street paving and repairs. Therefore street maintenance is considered a rather high priority item in Granite Quarry. Water line extensions and the relocation of water main and pump station accounted for an expenditure of over \$16,000 while the sewer project and sewer plant warehouse costs accounted for an additional \$19,000.





TABLE 6

EXPENDITURES FOR CAPITAL IMPROVEMENTS  
FY 1966-67 - FY 1971-72

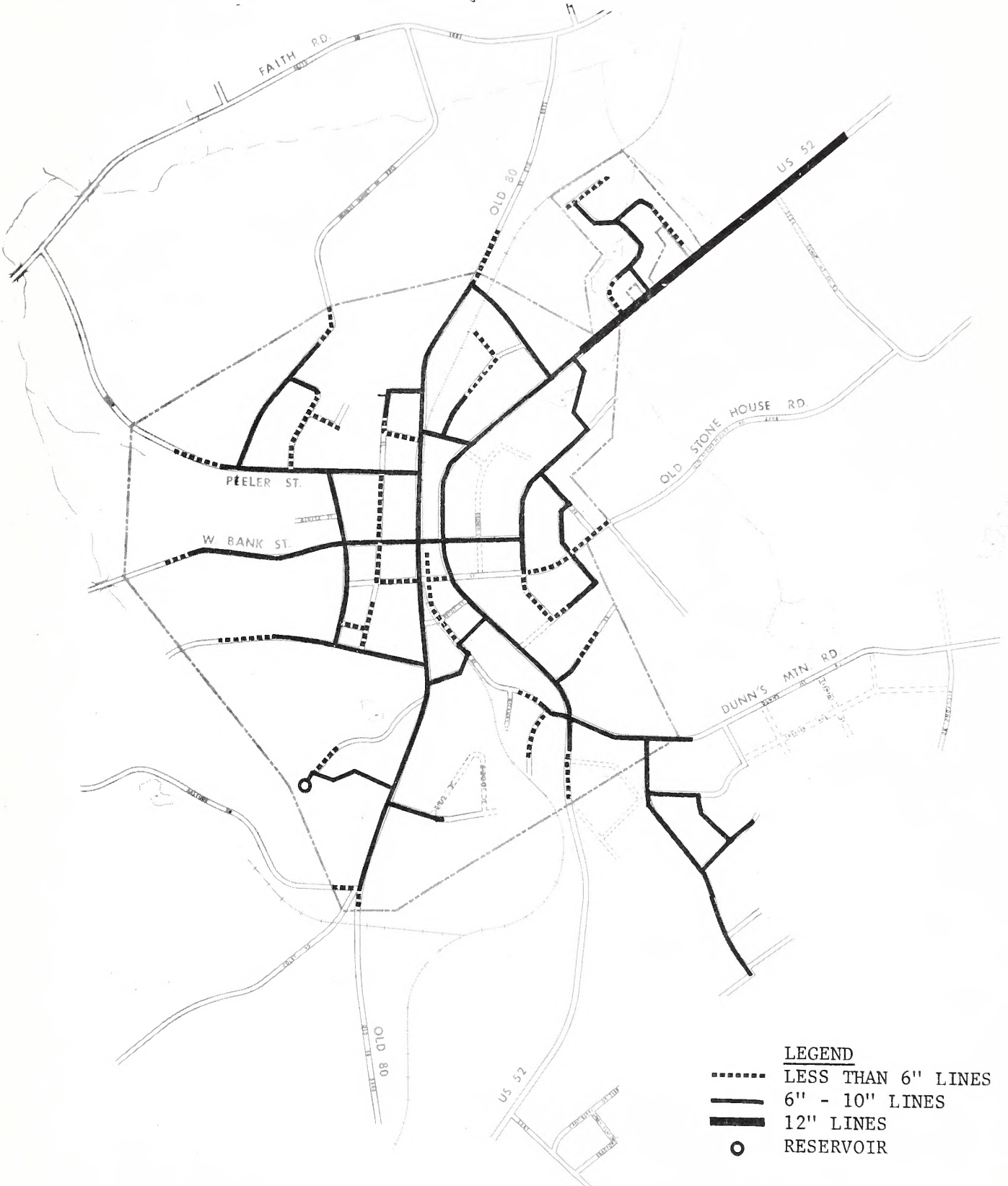
	FY 1966-67	FY 1967-68	FY 1968-69	FY 1969-70	FY 1970-71	FY 1971-72	TOTAL FY 1966-67- FY 1971-72
Water line extensions	\$ 702.77		\$ 2,667.85	\$ 199.75	\$ 1,084.49	\$ 110.00	\$ 4,764.86
Water line rights-of-way			200.00				200.00
Relocation of water main & pump station			9,805.39	1,595.00			11,400.39
Sewer project	3,460.42	\$ 9,650.00	1,475.67				14,586.09
Sewer plant ware-house						4,372.80	4,372.80
Street paving and repairs				2,360.00	6,196.28		8,556.28
Street work*	4,796.94	433.90	2,129.46	21,786.87	9,858.56	6,898.42	45,904.15
Tractor with mower						2,472.00	2,472.00
Special recreation project						1,500.00	1,500.00
TOTAL	\$8,960.13	\$10,083.90	\$16,278.37	\$25,941.62	\$17,139.73	\$15,353.22	\$93,756.57
*Powell Bill funds							

SOURCE: Granite Quarry Audit Reports



# EXISTING WATER SYSTEM

GRANITE QUARRY, N. C.



## LEGEND

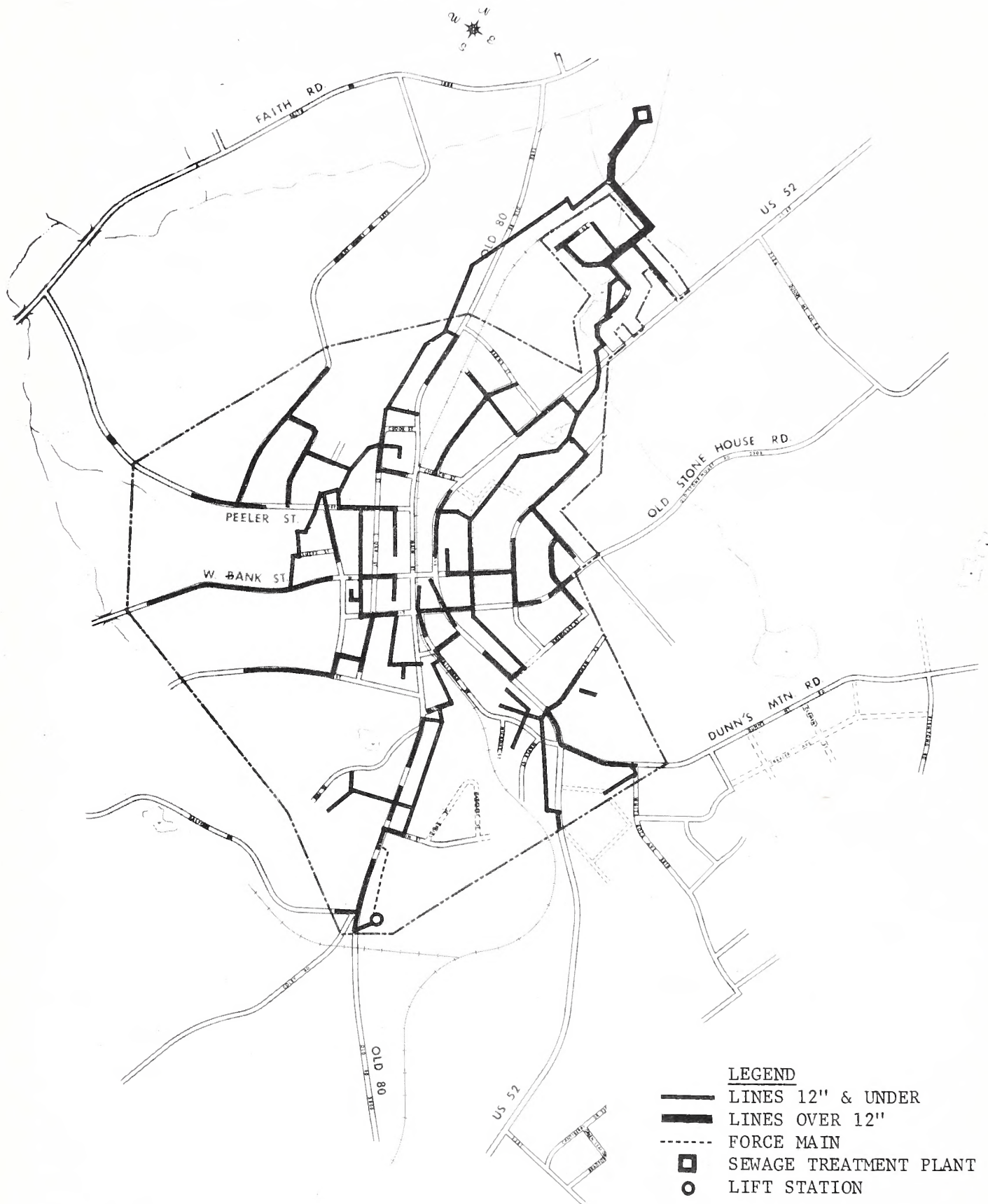
- LESS THAN 6" LINES
- 6" - 10" LINES
- 12" LINES
- RESERVOIR





# EXISTING SEWERAGE SYSTEM

GRANITE QUARRY, N. C.





# UNPAVED STREETS

GRANITE QUARRY, N. C.







Table 7 shows appropriations for capital improvements as presented in the FY 1972-73 municipal budget. Of the nearly \$40,000 appropriated, over \$16,000 would be taken from the Powell Bill funds for street work. An additional \$10,000 General Fund money would go toward further street maintenance (pavings and repairs).

TABLE 7		APPROPRIATIONS FOR CAPITAL IMPROVEMENTS FY 1972-73	
1	2	3	4
5	6	7	8
9	10	11	12
13	14	15	16
17	18	19	20
21	22	23	24
25	26	27	28
29	30	31	32
33	34	35	36
37	38	39	40
41	42	43	44
45	46	47	48
49	50	51	52
53	54	55	56
57	58	59	60
61	62	63	64
65	66	67	68
69	70	71	72
73	74	75	76
77	78	79	80
81	82	83	84
85	86	87	88
89	90	91	92
93	94	95	96
97	98	99	100

<u>Item</u>	<u>Amount</u>
Water line extension	\$ 200.00
Water reservoir repairs	5,000.00
Sewer plant warehouse	1,000.00
Street pavings and repairs	10,000.00
Street work*	16,425.00
Sidewalks	500.00
Movable conveyor	1,000.00
Municipal code codification	3,500.00
Office equipment	<u>2,000.00</u>
	\$39,625.00

\*Powell Bill funds

SOURCE: Granite Quarry 1972-73 Municipal Budget

Few vehicles are necessary because the town has few municipal employees, including no police force. Patrolling is done by the county sheriff's department. Therefore, there is no local patrol car to require replacing or maintaining. The town also contracts out its garbage collection, so it is also not necessary to have a garbage truck. Vehicles, usually major items on a town's list of capital expense items, have not been necessary items in Granite Quarry. The town's only vehicles are two fire trucks (a 1952 Ford combination pumper and a 1962 Chevrolet LaFrance combination pumper), a 1963 Ford pickup truck, and an I. H. Cub tractor with mower which was purchased during FY 1971-72.



Projected town revenues and expenditures for capital improvements over the capital budgeting period (FY 1973-74 - FY 1978-79) is shown on Table 8. The annual incremental growth rate of 9.4 percent was derived from averaging revenue increases over the past six fiscal years. This is used in the actual projection of future revenues. Projected expenditures is based on the past six year average annual expenditures per revenues figure of 48.7 percent. 48.9 percent of all expenditures over the past six fiscal years have been devoted to capital improvements and debt service. Projected expenditures for those purposes are based on past expenditures. Debt service is a known factor over the next six fiscal years, so the projected amount for capital improvements can be computed. The remaining "surplus revenues" figure is the amount when the projected expenditures are subtracted from the projected revenues.





PROJECTED TOWN REVENUES AND EXPENDITURES  
FOR CAPITAL IMPROVEMENTS  
FY 1973-74 - FY 1978-79

TABLE 8

<u>Fiscal Year</u>	<u>Projected Revenues<sup>1</sup></u>	<u>Expenditures Based on 48.7% of Revenues<sup>2</sup></u>	<u>Expenditures Based on 48.9% for Capital Improvements and Debt Service<sup>3</sup></u>	<u>Amount Committed to Debt Service</u>	<u>Available for Capital Improvements</u>	<u>Surplus Revenues</u>
1973-74	\$224,338	\$109,253	\$53,425	\$47,505	\$ 5,920	\$115,085
1974-75	245,426	119,522	58,446	47,774	10,672	125,904
1975-76	268,316	130,670	63,898	47,006	16,892	137,646
1976-77	293,538	142,953	69,904	47,239	22,665	150,585
1977-78	321,131	156,391	76,475	47,426	29,049	164,740
1978-79	351,317	171,091	83,663	45,578	38,085	180,226

<sup>1</sup>Based on average annual incremental growth, FY 1966-67 - FY 1971-72, of 9.4% (see Table 1)

<sup>2</sup>Does not include funds reserved in special building fund; based on annual average expenditures of revenues, FY 1966-67 - FY 1971-72, of 48.7% (see Table 4)

<sup>3</sup>Based on average annual expenditures devoted to capital improvements and debt service, FY 1966-67 - FY 1971-72, of 48.9% (see Table 5)



## Revenue Sharing

Revenue sharing is a new source of income and deserves special attention. Revenue sharing is a concept where revenues are distributed from the federal government back to state and local units of government. Moreover, revenue sharing is an attempt to decentralize much of the authority over the use of federal funds for domestic programs to state and local officials.

Revenue sharing may appear in more than a single form. For example, there is General Revenue Sharing and Community Development Revenue Sharing. General Revenue Sharing began in 1972. This type revenue sharing, however, was not intended as a replacement for the categorical grant program. Its "replacement" is the Community Development Revenue Sharing Program.

General Revenue Sharing funds received by units of local government may be used only for "priority expenditures," which includes "ordinary and necessary capital expenditures authorized by law" and "ordinary and necessary maintenance and operating expenses." This latter category includes the following:

- (1) public safety (law enforcement, fire protection, and building code enforcement)
- (2) environmental protection (sewage disposal, sanitation, and pollution abatement)
- (3) public transportation (transit systems and streets)
- (4) health
- (5) recreation
- (6) libraries
- (7) social services for the poor and aged
- (8) financial administration



Use of the funds for debt retirement is a permissible expenditure provided that:

- (1) the funds are not used to pay any interest of the debt
- (2) the debt was originally incurred for a priority expenditure purpose
- (3) The actual expenditures from the proceeds of the indebtedness was made on or before January 1, 1972
- (4) the actual expenditures from the proceeds of the indebtedness were not in violation of any restrictions as herein enumerated

In General Revenue Sharing, state governments receive one-third of the total allocations and the local units of government receive the remaining two-thirds. Distributions are made by formula which considers population, income (per capita), and local tax effort. Formula allocations are determined by multiplying the town's population by the local tax rate, and dividing that total by the per capita income.

Community Development Revenue Sharing differs altogether from General Revenue Sharing. Community Development Revenue Sharing is divided into six portions, and unlike General Revenue Sharing, has not yet been authorized by Congress. The six special Community Development Revenue Sharing proposals are as follows:

- (1) Urban Community Development
- (2) Rural Community Development
- (3) Manpower Revenue Sharing
- (4) Transportation Revenue Sharing
- (5) Law Enforcement Revenue Sharing
- (6) Education Revenue Sharing

These special revenue sharing proposals are designed to replace the categorial grant programs. Unfortunately, it appears that towns as





small as Granite Quarry will not be eligible to receive Community Development Revenue Sharing monies, and will have to rely exclusively on General Revenue Sharing money for federal financial assistance.

Thus far, the Town of Granite Quarry has received the following General Revenue Sharing money:

(1) for the period January 1 - June 30, 1972:	\$ 7,313
(2) for the period July 1 - December 31, 1972:	\$ 7,081
(3) for the period January 1 - March 31, 1973:	\$ <u>4,148</u>
	\$18,542

Indications are that the Town of Granite Quarry will probably be receiving between \$15,000 and \$20,000 annually in General Revenue Sharing money--at least through the calendar year 1976 when the program expires. There is considerable uncertainty, however, about the status of revenue sharing beyond 1976. Thus far, no revenue sharing money in Granite Quarry has been spent. The town has recently passed a resolution that 95 percent of revenue sharing money will be devoted to the building fund for the construction of a new municipal building. The remaining 5 percent would be allocated to a day-care facility at the former Shuford School Building.

#### Bonding and Financial Capacity

Naturally there are limits to the ability of the current funding policy to cope with the requirements of capital outlay, so, when long-term financing of a project is required, it may become necessary to sell bonds. The amount of current revenue available is still a vital factor since it is from this source that debt service payments must be made.



There are two types of bonds: General Obligation Bonds and Revenue Bonds. General Obligation Bonds are backed by the full faith and credit of the municipality or county since they are pledged against the local tax base. State law requires the city or county to levy enough tax per year to pay off its obligation on this bond. Revenue Bonds, on the other hand, are backed by revenues of the facility they pay for. Examples of these type bonds would be water, electric, and gas. It must be something that brings a profit. Of course, these facilities may also be financed by General Obligation Bonds. Not all money received from this facility need go into paying off the debt. Revenue Bonds are only backed by the pledge of the revenue. Most towns prefer General Obligation Bonds to Revenue Bonds because they carry a lower rate of interest and because of the limitations placed on the use of Revenue Bonds. Debt limitations are 8 percent for towns using General Obligation Bonds, but there is no debt limitation for towns using Revenue Bonds.

North Carolina municipalities are limited by statute as to the amount of bonded indebtedness they may incur under General Obligation Bonds. At the present time the bonded indebtedness for General Obligation Bonds must not exceed 8 percent of the total assessed property valuation within the town. Due to legislation passed by the General Assembly in 1971, the limitation will be based on appraised value rather than assessed value after July 1, 1973. The North Carolina Local Government Commission keeps the records of bond issues. A municipality must have the approval of the Commission prior to issuing bonds per any reason.

Existing debt service (bonded indebtedness) for Granite Quarry is shown in Table 9 and Graph 1. Both the Waterworks Bond and Water-Sewer Bond are Revenue Bonds rather than General Obligation Bonds, so they are





not directly effected by the 8 percent debt limitation. As stated previously, interest rates are higher on Revenue Bonds. Interest on the Waterworks Bond is  $3 \frac{5}{8}$  percent and on the Water-Sewer Bond,  $4 \frac{1}{2}$  percent. The Waterworks Bond will be paid June 1, 1991, and the Water-Sewer Bond, June 1, 2006. Interest payments on the Water-Sewer Bond are now more than twice the principal, and will not decrease to less than the amount of the principal until FY 1988-89.

Granite Quarry is heavily committed to bond payments through FY 1990-91. Until then, annual bond payments will be between \$43,000 and \$48,000. After the Waterworks Bond is paid in FY 1990-91, the annual bond payments will be below \$27,000 and continuously decrease.



TABLE 9

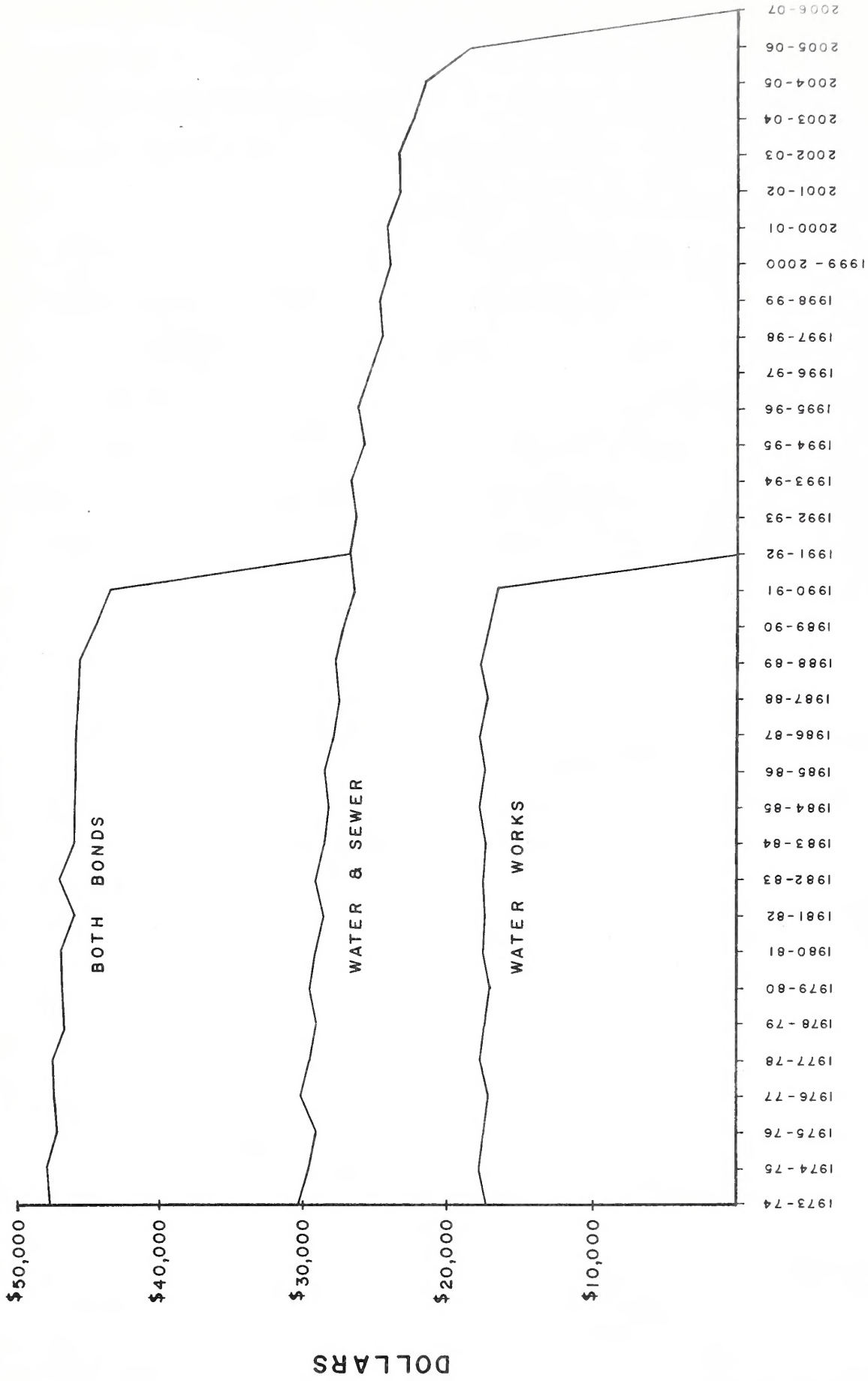
## EXISTING DEBT SERVICE

<u>Year</u>	<u>Waterworks</u>		<u>Water-Sewer</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u> <u>(3 5/8%)</u>	<u>Principal</u>	<u>Interest</u> <u>(4 1/2%)</u>	
1973-74	\$ 9,000.00	\$8,265.00	\$ 9,000.00	\$21,240.00	\$47,505.00
1974-75	10,000.00	7,938.75	9,000.00	20,835.00	47,773.75
1975-76	10,000.00	7,576.25	9,000.00	20,430.00	47,006.25
1976-77	10,000.00	7,213.75	10,000.00	20,025.00	47,238.75
1977-78	11,000.00	6,851.25	10,000.00	19,575.00	47,426.25
1978-79	11,000.00	6,452.50	10,000.00	19,125.00	46,577.50
1979-80	11,000.00	6,053.75	11,000.00	18,675.00	46,728.75
1980-81	12,000.00	5,655.00	11,000.00	18,180.00	46,835.00
1981-82	12,000.00	5,220.00	11,000.00	17,685.00	45,905.00
1982-83	13,000.00	4,785.00	12,000.00	17,190.00	46,975.00
1983-84	13,000.00	4,313.75	12,000.00	16,650.00	45,963.75
1984-85	14,000.00	3,842.50	12,000.00	16,110.00	45,952.50
1985-86	14,000.00	3,335.00	13,000.00	15,570.00	45,905.00
1986-87	15,000.00	2,827.50	13,000.00	14,985.00	45,812.50
1987-88	15,000.00	2,283.75	13,000.00	14,400.00	44,683.75
1988-89	16,000.00	1,740.00	14,000.00	13,815.00	45,555.00
1989-90	16,000.00	1,160.00	14,000.00	13,185.00	44,345.00
1990-91	16,000.00	580.00	14,000.00	12,555.00	43,135.00
1991-92			15,000.00	11,925.00	26,925.00
1992-93			15,000.00	11,250.00	26,250.00
1993-94			16,000.00	10,575.00	26,575.00
1994-95			16,000.00	9,855.00	25,855.00
1995-96			17,000.00	9,135.00	26,135.00
1996-97			17,000.00	8,370.00	25,370.00
1997-98			17,000.00	7,605.00	24,605.00
1998-99			18,000.00	6,840.00	24,840.00
1999-2000			18,000.00	6,030.00	24,030.00
2000-01			19,000.00	5,220.00	24,220.00
2001-02			19,000.00	4,365.00	23,365.00
2002-03			20,000.00	3,510.00	23,510.00
2003-04			20,000.00	2,610.00	22,610.00
2004-05			20,000.00	1,710.00	21,710.00
2005-06			18,000.00	810.00	18,810.00

SOURCE: Granite Quarry Audit Report, FY 1972



# GRANITE QUARRY BONDED INDEBTEDNESS (PRINCIPAL AND INTEREST)







Property Valuation

Over the past five fiscal years, property valuations in Granite Quarry have increased by over 25 percent, as is shown in Table 10. Numerical and percentage differences are shown in the assessed and appraised valuations for the years 1967 through 1972. The assessed valuation over that time period has increased \$802,362, and the appraised valuation has increased \$1,243,661. The assumption here is that the 1972 estimated property valuation, estimated for annual budget purposes to be \$3,898,289, is essentially correct. A county-wide revaluation of property, which will become effective January 1, 1974, should substantially elevate property valuations in Granite Quarry.

In Rowan County, assessed valuation is 55 percent the appraised valuation. The tax rate in the Town of Granite Quarry is \$1.20 per \$100.00 valuation, as it has remained since FY 1970-71. Before 1970-71, it was \$.80 per \$100.00. Annual local tax collections are near 95 percent.



TABLE 10

## PROPERTY VALUATION CHANGES

<u>Year</u>	<u>Assessed Valuation</u>	<u>Numerical Change</u>	<u>Percentage Change</u>	<u>Appraised Valuation</u>	<u>Numerical Change</u>	<u>Percentage Change</u>
1967	\$3,172,638			\$4,917,589		
1968	\$3,329,587	+\$156,949	+ 4.9%	\$5,160,860	+\$ 243,271	+ 4.9%
1969	\$3,487,567	+\$157,980	+ 4.7%	\$5,405,729	+\$ 244,869	+ 4.7%
1970	\$3,653,597	+\$166,030	+ 4.8%	\$5,663,075	+\$ 257,346	+ 4.8%
1971	\$3,898,289	+\$244,692	+ 6.7%	\$6,042,348	+\$ 379,273	+ 6.7%
1972	\$3,975,000*	+\$ 76,711	+ 2.0%	\$6,161,250	+\$ 118,902	+ 2.0%
TOTAL		+\$802,362	+25.3%		+\$1,243,661	+25.3%

\*estimated property valuation

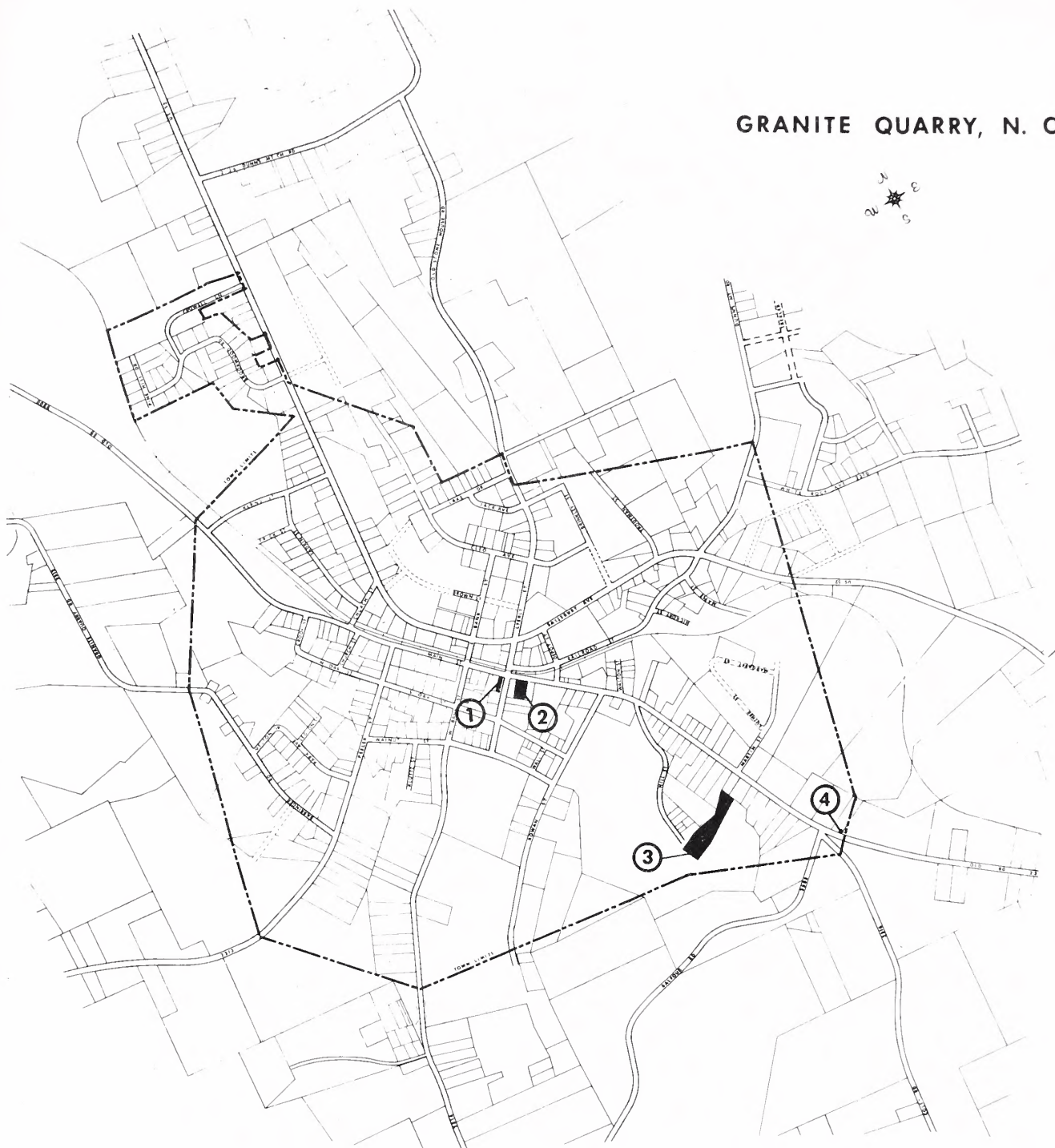
SOURCE: Granite Quarry Municipal Budgets





# PROPERTY OWNED BY THE TOWN OF GRANITE QUARRY

GRANITE QUARRY, N. C.



## LEGEND

- 1 TOWN HALL
- 2 VACANT LOTS
- 3 WATER TANK PROPERTY
- 4 SEWAGE LIFT STATION









## GRANITE QUARRY CAPITAL IMPROVEMENTS BUDGET

A summary of total capital budget project costs and the recommended sources of revenue are shown in Table 11. It appears that Granite Quarry will be able to meet funding requirements with current revenue or reserve funds during the capital budget period (FY 1973-74 through FY 1978-79) without the necessity of further bonding.





TOWN OF GRANITE QUARRY  
CAPITAL IMPROVEMENTS BUDGET

TABLE 11

	FY	FY	FY	FY	FY	FY	FY	TOTAL ESTIMATED COST OVER SIX YEAR PERIOD
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79		
Street work	\$31,000 <sup>a</sup>	\$16,000 <sup>a</sup>	\$16,000 <sup>a</sup>	\$16,000 <sup>a</sup>	\$16,000 <sup>a</sup>	\$16,000 <sup>a</sup>	\$111,000	
Street paving & repairs	\$10,000 <sup>b</sup>						10,000	
Street survey for rights-of-way			\$ 5,000	5,000	5,000	5,000	20,000	
Sidewalks	\$ 500	500	500	500	500	500	3,000	
Survey of town boundaries			\$ 6,000				6,000	
Water line extensions	\$ 1,000	1,000	1,000	1,000	1,000	1,000	6,000	
Water tank renovation	\$ 5,000						5,000	
Sewer line extensions	\$ 5,000	5,000	5,000	5,000	5,000	5,000	30,000	
Electrical repairs at sewage treatment plant	\$ 2,000						2,000	
Patrol car		\$ 4,000			4,000		8,000	
Communications equip- ment for patrol car		\$ 4,000					4,000	
Police uniforms, fire- arms, and other law enforcement equip- ment		\$ 800					800	
Fire truck (combination pumper)				\$ 8,000 RF <sup>c</sup>	8,000 RF <sup>c</sup>	8,000 RF <sup>c</sup>	24,000 <sup>d</sup>	
Pickup truck	\$ 3,000					3,000	6,000	
New office equipment		\$ 6,000					6,000	
Other office equipment			\$ 300	300	300	300	1,200	
TOTAL CAPITAL EXPENDITURES	\$57,500	\$37,300	\$33,800	\$35,800	\$39,800	\$38,800	\$243,000	

<sup>a</sup>Powell Bill funds; previous years' accumulated surplus to be expended in FY 1973-74

<sup>b</sup>North Oak Street scheduled for improvements in FY 1973-74; allocations from General Fund for other street paving and repairs remain uncertain and unscheduled

<sup>c</sup>"RF" means Reserve Fund

<sup>d</sup>Total cost for fire truck, estimated at \$40,000, to be purchased in FY 1980-81











## GRANITE QUARRY PUBLIC IMPROVEMENTS PROGRAM

A summary of major public improvement program items are shown below. They represent, in part, the recommendations made in the Granite Quarry Community Facilities Study (1971), and are updated to reflect the full 20-year period through FY 1993-94.

For convenience and a clearer time perspective, the public improvements program has been divided into three separate five-year time periods. The first, or short to moderate range study period, is FY 1979-80 through FY 1983-84. This period immediately follows this capital budgeting period and should, therefore, be fairly accurate. The second, or moderate to long range study period, is FY 1984-85 through FY 1988-89. And the third, or long range study period, is FY 1989-90 through FY 1993-94. Projections of improvements needed are based upon the circumstances at the present time and reflect the expected future needs of the Town of Granite Quarry.



PHASE I (FY 1978-80 - FY 1983-84) of Public Improvements Program:

1. Purchase a new fire truck as replacement for 1952 500 GPM pumper.
2. Purchase a new patrol car.
3. Replace pickup truck.
4. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping dead-end lines.
5. Continue policy of extending and improving sewer lines.
6. Continue street survey policy for the acquisition of rights-of-way and installation of curb-and-guttering.
7. Make street improvements and repairs as needed.
8. Construct sidewalks as needed.
9. Purchase office equipment as needed.

PHASE II (FY 1984-85 - FY 1988-89) of Public Improvements Program:

1. Purchase two new patrol cars.
2. Replace pickup truck.
3. Renovate water tank.
4. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping dead-end lines.
5. Continue policy of extending and improving sewer lines.
6. Continue street survey policy for the acquisition of rights-of-way and installation of curb-and-guttering.
7. Make street improvements and repairs as needed.
8. Construct sidewalks as needed.
9. Purchase office equipment as needed.



PHASE III (FY 1989-90 - FY 1993-94) of Public Improvements Program:

1. Purchase a new fire truck as replacement for 1962 750 GPM pumper.
2. Purchase one or two new patrol cars.
3. Replace pickup truck.
4. Continue policy of extending and improving water lines, replacing water lines of inadequate size, and looping dead-end lines.
5. Continue policy of extending and improving sewer lines.
6. Continue street survey for the acquisition of rights-of-way and installation of curb-and-guttering.
7. Make street improvements and repairs as needed.
8. Construct sidewalks as needed.
9. Purchase office equipment as needed.







